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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FCC FILE NO. 93-253

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In the Matter of)

Implementation of Section 309(j)
of the Communications Act -
Competitive Bidding)

PP Docket No. 93-253

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Comments of Rendall and Associates

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I. Introduction

Rendall and Associates is pleased to provide these comments for FCC consideration. They are provided in response to the FCC request for comment concerning the F Block of PCS Licenses (Docket 93-353) announced on December 23, 1994.

Rendall and Associates is a company incorporated under the laws of the State of North Carolina. The company was formed to provide consulting services to all facets of the telecommunications industry. The principal, David S. Rendall, President, was formerly with Northern Telecom, Inc., where he held the position of Vice President - Strategic Planning. The purpose of our submission is to provide our perspective of, and make recommendations regarding, issues raised by these proceedings.

II. Summary

Any action which would delay the auction for F Block Auction and the subsequent license awards would be a substantial blow to the plans of entrepreneurs who are now making investments leading to innovative technology and services in early 1996. Similarly, any lessening of the auction procedural rules which make it possible for the large, well funded, major corporations in the telecommunication industry to deny a 10 MHz BTA license (Blocks D, E, and F) to the small innovative operator would not be in the public interest.

III. F Block Auction Delay

Rendall and Associates has been investing in innovative technology and constructing business plans which will lead to a regional, low cost, consumer oriented PCS service offering. We have been joined in this activity by several Independent Telephone Companies and equipment designer/vendors who share our entrepreneurial business philosophy. The FCC rules published in the five broadband 2 GHz. PCS Reports and Orders have been key regulatory enablers for these business plans.

Timing is a critical component of any business plan. In the definition of the broadband PCS frequency plan the FCC has consistently stressed that the objective is making the PCS spectrum available, in a timely manner, in such a way as to foster competition and innovation. Specifically, "In establishing a competitive bidding process for the provision of spectrum-based services, Congress gave the Commission broad authority to adopt bidding procedures and policies, so long as certain objectives are fulfilled. Specifically, Congress mandated that the Commission " promot[e] economic opportunity and competition and ensur[e] that new and innovative technologies are readily accessible to the American people by avoiding excessive concentration of licenses and by disseminating licenses among a wide variety of applicants, including small business, rural telephone companies, and businesses owned by members of minority groups and women".¹

¹ See 47 U.S.C. §309(j)(3)(B).

The Independent Telephone Companies, primarily operating in rural areas, have demonstrated over long periods of time their ability to use innovative technology in new and cost effective ways to help in advancing the public well being in rural America. The FCC has recognized this and made available the C and F blocks exclusively for designated entities including the rural telephone companies. This move has attracted the wide support which it deserves.

The FCC has announced that the auctions for the C and F blocks will be separated, primarily for administrative reasons. We are not in a position to comment on the necessity of this move but the move will result in a delay in the F Block auctions over the originally indicated schedule.

Given separation of the F Block from the C Block, combining the F Block with the D and E block could very well cause significant further delay to the F Block auction and the subsequent license awards. As the FCC noted in its public notice of December 23, the complexity of auctioning 1,479 licenses simultaneously will be much higher than auctioning 493. Complexity frequently leads to confusion and delay. It is recommended that the FCC avoid completely the complexity of 1,479 simultaneous auctions and schedule the F Block auction separately, as soon as reasonably possible. The D and E Blocks together would then be auctioned subsequently, with a lower complexity, 986 license auction. Since non-designated entities are not eligible for the F Block they would not be affected by the separation in their auction bidding strategies. The designated entities, should they choose to pursue licenses in the D and E Blocks, would be

free to do so. Since the designated agency population is, by definition, much smaller than the unconstrained potential bidder population there is no real reason to believe that significant delay will, in fact, accrue to the D and E auction bidding by the proposed split with its simplified processes.

We strongly recommend that the F Block auction not be combined with the D and E Block auctions. The F Block auction should be held separately and as soon as is reasonably possible.

IV. Collusion Rule Amendment

Under no circumstances should the present FCC collusion rules be relaxed. The experience gained through the 30 MHz MTA, A and B Block auctions clearly demonstrates that there are a few very large and very well financed entities who are determined to attain a dominant position as broadband PCS license holders. A real danger exists that such a group, without appropriate anticollusion rules, could lock out the innovative medium and small sized bidder. The FCC has defined and so far enforced a very reasonable set of rules. It is recommended that these rules not be weakened at this time. Both large and the small enterprises can continue to make very valuable contributions to the unfolding competitive Personal Communications Service industry. Anything which is now done to jeopardize, in any way, the opportunity for the smaller enterprise would be against the public interest.

At least one group of independent entrepreneurs is investing in technology and business plans based on the 10 MHz BTA plans. This, and

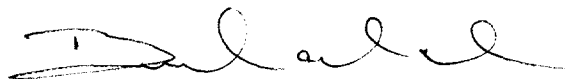
other groups making similar investments, should not be penalized by changing the rules at the last minute to assist larger entities in aggregating away the 10 MHz license opportunity.

It is strongly recommended that the collusion rules not be relaxed.

V. Collusion Rule Amendment

Extending the designated entity bidding rules to the D and E Blocks would further enhance the opportunities for such designated entities and reinforce the application of innovative and entrepreneurial approaches to Personal Communication Services. We support all such suggestions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Dalal', with a stylized flourish at the end.

Behram Dalal
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